

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

September 26, 2000

IN RE:

**AT&T COMMUNICATIONS OF THE SOUTH
CENTRAL STATES, INC. TARIFF TO REVISE
LATE PAYMENT CHARGE LANGUAGE**

DOCKET NO. 00-00409

**ORDER APPROVING TARIFF TO REVISE THE
LATE PAYMENT CHARGE LANGUAGE**

This matter came before the Tennessee Regulatory Authority ("Authority") at a regularly scheduled Authority Conference held on July 11, 2000, for consideration of Tariff No. 00-00409. AT&T Communications of the South Central States, Inc. ("AT&T") filed this tariff with the Authority on May 30, 2000 with an effective date of June 29, 2000 to introduce late payment charge language to its customer network services tariff. At an Authority Conference held on June 20, 2000, the Directors voted to suspend AT&T's tariff thirty (30) days, from June 29, 2000 through July 29, 2000, so as to obtain additional information from AT&T. The Authority sent data requests to AT&T on June 13, 2000. AT&T filed its data responses with the Authority on June 23, 2000. Subsequently, AT&T's tariff was placed on the Authority's July 11, 2000 Conference for consideration. No person sought intervention in this docket.

After reviewing AT&T's tariff and its data responses, a majority¹ of the Directors determined that although the late payment charge proposed in this tariff will apply to customers

¹ Director Malone stated that on the record before him, he would vote no.

whose rates are capped under Authority Rule 1220-4-2-.55(2)(d)(2), the implementation of such a late charge does not constitute a rate increase which would violate the capping provision of the IXC (Inter-Exchange Carrier) Rule.² The late charge is not a rate for any direct distance dialing (DDD) service but a charge for customers who do not pay their bills on time. The same rates will be billed for DDD services after the implementation of the late charge. The late charge will only affect customers who order services, receive the benefit of those services, and cause the company to incur additional costs by failing to pay for those services in a timely manner. Because it is an avoidable charge, customers will never be affected by the late charge if they pay their bills on time.

A majority of Directors agreed with the contention that the customer who pays the bill late should pay for the resulting costs incurred due to the late payment of a bill. Therefore, there

² Authority Rule 1220-4-2-.55(2)(d) Rate and Price Setting Requirements.

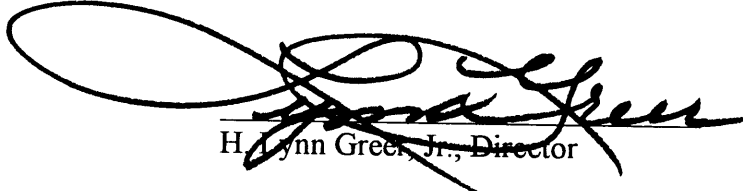
1. IXC services shall be classified as one of two categories of service. (1) direct distance dialing [DDD] and (2) All Other services
 - (i) [DDD] rate schedules. Rates for operator assisted calls (0+ and 0-) and residential Optional Calling Plans shall be included in the DDD service category.
 - (ii) Any new service that is not [DDD] or a residential calling plan shall be placed in the All Other Services category.
2. The Commission shall only establish a price cap for DDD services. The initial price cap for each IXC shall be that company's rate (less any annual access reductions) in effect on the effective date of this rule sub-section.
3. The DDD prices and price cap shall be adjusted to reflect any changes in access charges to IXCs. DDD service category rates shall be adjusted within thirty days of any access charge change and the price cap for DDD shall be adjusted on an annual basis. The amount of any access charge change for the DDD service category for each IXC shall be the per minute reduction based on total intrastate minutes of use applied to the intrastate minutes of use in the DDD category for each IXC. The minutes of use shall be those reported in the most recent annual reports under sub-section (2)(i)6. of this rule.
4. Prices for the All Other Services category may be reviewed in accordance with the provisions of this rule sub-section by the Commission.

being no opposition filed and having found that the late payment charge was not in violation of state statutes or Authority rules, a majority of the Directors approved AT&T's tariff as filed.

IT IS THEREFORE ORDERED THAT:

1. AT&T Communications of the South Central States, Inc.'s Tariff No. 00-00409 is approved.

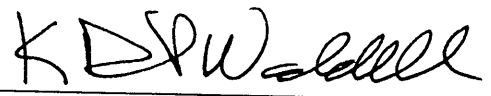

Sara Kyle, Chairman


H. Lynn Green, Jr., Director

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Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary

* * * Director Malone voted against the prevailing motion.